

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Priority Mail Contract 125 (MC2015-54)  
Negotiated Service Agreement

Docket No. CP2015-82

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT  
TO PRIORITY MAIL CONTRACT 125

(December 20, 2016)

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Docket(s).<sup>1</sup> In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in prices in Priority Mail Contract 125.<sup>2</sup> Attachment A to the Notice consists of a redacted version of the Amendment to Priority Mail Contract 125. The non-redacted amendment and supporting financial documentation were filed under seal.

In Order No. 2542, the Commission approved the Postal Service's request to add a new product identified as Priority Mail Contract 125 to the Competitive product list.<sup>3</sup> The Amendment updates contract price tables. Contract 125, as amended, is currently scheduled to expire in approximately 3 years from the date of the Order Adding Priority Mail Contract 125 to the Competitive Product List. The effective date of the amendment

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<sup>1</sup> Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 12, 2016 (Notice).

<sup>2</sup> Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Contract 125, December 9, 2016 (Amendment).

<sup>3</sup> See Order No. 2542, Order Adding Priority Mail Contract 125 to the Competitive Product List, Docket Nos. MC2015-54/CP2015-82, June 16, 2015.

is two business days following the day on which the Commission issues all necessary regulatory approvals.

## **COMMENTS**

The Public Representative has reviewed Priority Mail Contract 125, the Postal Service's Amendment and financial model filed under seal. Based upon that review, the Public Representative recommends Commission approval of the Amendment to Contract 125. It appears that the contract as amended should continue to generate sufficient revenues to cover costs and thereby satisfies the standards of 39 U.S.C. § 3633(a).

*Requirements of 39 U.S.C. § 3633.* Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model, it appears the prices as amended should continue to generate sufficient revenues to cover costs during the next year. In addition, the Postal Service must file revenue and cost data for Contract 125 in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for Contract 125 in future Annual Compliance Determination (ACD) reports for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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